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FOR IMMEDIATE RELEASE

January 10, 2018

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MAYOR EMANUEL CALLS ON PEOPLES GAS TO RETURN BENEFITS OF THE FEDERAL CORPORATE TAX CUT TO CHICAGO RESIDENTS & BUSINESSES

President Trump's 2017 Tax Cut and Jobs Act likely to result in a windfall of more than \$25 million for Peoples Gas

As President Donald Trump's 2017 Tax Cut and Jobs Act significantly reduced tax rates for major corporations, Mayor Rahm Emanuel today called on WEC Energy Group, the parent company of Peoples Gas, to immediately develop a plan to return the benefits of the recently passed federal corporate tax cut back to Chicagoans. Peoples Gas is unique in that its utility profits are governed by the state, which sets and approves rates and allows the corporation to recoup corporate taxes as an expense.

"Since the shareholders of Peoples Gas will benefit from the federal corporate tax cuts, it only makes sense for Chicago residents and businesses to share in this windfall – especially in light of what has been and looks to be a very cold winter that may bring larger than normal gas bills," said Mayor Emanuel.

As a result of the 2017 Tax Cut and Jobs Act, the City estimates that the windfall for Peoples Gas could amount to more than \$25 million due to the change in federal income tax rate alone. Meanwhile, Chicago residents and businesses face rate increases due to the Peoples Gas System Modernization Program. In a letter to WEC Energy Group, Mayor Emanuel calls on WEC Energy Group to develop a plan to return these tax benefits to Chicagoans, which could include immediate rate relief, expansion of bill assistance programs targeted at our most vulnerable residents or other measures that would reduce the impact of your System Modernization Program on the City and its residents.

The Chicago Department of Law filed a petition to request that the Illinois Commerce Commission investigate and determine the effects of the 2017 Tax Act and immediately

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order Peoples Gas to set aside any potential excess collections from customers, while determining whether changes to rates and programs are warranted.

The City is also requesting that the ICC require Peoples Gas to present its determination of the 2017 Tax Act's effects on its costs and service as well as to propose changes in rates and utility programs, such as additional energy assistance funding or expanded energy efficiency efforts, to ensure any windfall reduction in utility operating expenses benefits customers. Under the Illinois Public Utilities Act, these significant reductions in net revenue requirements should benefit utility customers and not utility shareholders.

As evidence of the potential impact, Commonwealth Edison filed a proposal to pass an estimated \$201 million in savings generated by the 2017 Tax Act to customers in 2018 alone. While ComEd operates under a different rate structure and has a unique set of operational and financial details, this filing is a sign of the magnitude of the 2017 Tax Act's impact.

This action has precedent; after the passage of the 1986 Reagan Tax cuts, Peoples Gas provided relief of more than \$49 million in 2017 dollars in a settlement negotiated with the City of Chicago and others.

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